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FISCAL IMPACT STATEMENT

LS 7457

BILL NUMBER: SB 409

NOTE PREPARED: Jan 6, 2007

BILL AMENDED:

SUBJECT: IURC and OUCC functions.

FIRST AUTHOR: Sen. Hershman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill provides that the Utility Regulatory Commission (IURC) and the office of Utility Consumer Counselor (OUCC): (1) are independent agencies in the executive branch of state government; (2) exercise essential public functions; and (3) are not subject to oversight by the Office of Management and Budget, the Budget Agency, or the State Personnel Department. The bill also specifies that the expenses of the IURC and the OUCC are funded by regulated utilities doing business in Indiana. The bill provides that the funds, accounts, and financial affairs of the IURC and the OUCC shall be examined biennially by the State Board of Accounts. The bill also provides that the IURC and the OUCC are subject to: (1) the rules and jurisdiction of the State Ethics Commission; (2) the open door law; and (3) the public records law. This bill provides that the IURC and the OUCC are not subject to state laws governing public purchasing. The bill allows the IURC and the OUCC to enter into contracts without obtaining the approval of: (1) the Commissioner of the Indiana Department of Administration; (2) the Director of the Budget Agency; or (3) the Attorney General. The bill also allows the IURC and the OUCC to employ and fix the compensation of necessary professionals without the approval of the Governor and the Budget Agency.

Effective Date: July 1, 2007.

Explanation of State Expenditures: This bill may result in a decrease in administrative costs of the Office of Management and Budget (OMB), the Budget Agency (SBA), and the State Personnel Department (SPD). The amount of the decrease is indeterminable.

The bill provides that the IURC and OUCC: (1) are independent agencies in the executive branch of state government; (2) exercise essential public functions; and (3) are not subject to oversight by the OMB, SBA, or SPD. The bill also makes other changes concerning the functions and duties of the IURC and OUCC. The

decrease in costs to these agencies would be a result of the provisions of the bill which relieve them of their functions in relation to the IURC and OUCC.

The bill could also impact the expenditures of the IURC and OUCC. The amount of the impact is indeterminable and will ultimately depend upon administrative actions of the IURC and OUCC. The bill does not change the funding mechanism for either the IURC or OUCC, and therefore any increase or decrease in expenditures will only affect the rate of the Public Utility Fee as explained below.

The operating budgets of the IURC and OUCC are currently funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.15% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2006, fees from the utilities and fines generated approximately \$11.8 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Utility Regulatory Commission; Office of Utility Consumer Counselor; Office of Management and Budget; Budget Agency; Indiana Department of Administration; Attorney General; State Board of Accounts; State Ethics Commission

Local Agencies Affected:

Information Sources:

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